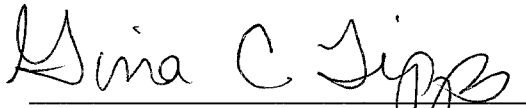


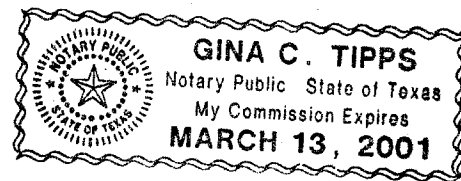


I have compared the copy with the original and have found the copy to be complete and identical in all respects to the original document.

STATE OF TEXAS  
COUNTY OF HARRIS

SWORN TO AND SUBSCRIBED BEFORE ME ON THE 10TH NOVEMBER 1997.

  
GINA TIPPS, NOTARY PUBLIC



RECORDATION NO. 21037 FILED

DEC 1 '97

1-49 PM

## MANAGEMENT AGREEMENT

This AGREEMENT made as of December 31, 1996 by and between INTERCOASTAL LEASING INC. (hereinafter referred to as "Manager") and GRAMA, INC. (hereinafter referred to as the "Owner").

### RECITALS OF FACT

Owner is the Owner of the used equipment set forth in Exhibit "A-1", which exhibit is incorporated herein by reference (such equipment is hereinafter referred to as the "Equipment").

The Manager is engaged in the business of managing equipment for owners, and Owner desires to retain the Manager as agent for the purpose of managing the Equipment on Owner's behalf, collecting amounts due to or on behalf of Owner with respect to the Equipment and disbursing funds of Owner to pay costs, expenses and obligations of Owner with respect to the Equipment, all on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Owner and Manager hereby agree as follows:

1. **ENGAGEMENT OF MANAGER.** Owner hereby engages the Manager as agent of Owner to manage the Equipment, collect amounts due to Owner with respect to the Equipment and disburse funds of Owner to pay costs, expenses and obligations of Owner with respect to the Equipment, all on the terms and conditions set forth herein, and the Manager accepts such engagement and agrees to act as agent for Owner and perform in accordance with the terms and conditions hereof. The term of the Agreement and the agency created hereby shall commence as of the date of the Agreement and will be placed in service with the Manager and shall end December 31, 2001. This Agreement shall terminate with respect to any Equipment which is withdrawn pursuant to Section 9 hereof, sold, lost or totally destroyed as of the date that such withdrawal is effective, or Equipment is lost or destroyed; provided further, however, that notwithstanding any termination of this Agreement, the Manager shall continue to be obligated to collect all rental payments, mileage allowances and other sums (including indemnity payments

payable in connection with any damage to or loss or total destruction of Equipment), and to pay or arrange for payment of all expenses, taxes and other charges on Equipment, due for or with respect to periods prior to such termination.

2. **DUTIES OF THE MANAGER.** In consideration of the compensation to be paid to the Manager by Owner pursuant to Section 6 hereof, and subject to the agreement of Owner to reimburse the Manager pursuant to Section 7 hereof, the Manager shall provide and perform the services on behalf of Owner set fourth below during the term of this Agreement:

(a) Immediately upon execution, or as soon thereafter as reasonably practicable, take possession of the Equipment as agent for Owner for the purpose of managing and operating the Equipment, as herein provided.

(b) Use its best reasonable effort to insure that all steps are taken which may be necessary to have the Equipment registered and accepted by any and all regulatory agencies, where appropriate and as required by the terms of any lease or otherwise.

(c) Use its best reasonable efforts to collect all rental payments due with respect to the Equipment, identifying itself as agent for the purpose, and to account for and remit all sums due to Owner as hereinafter set forth.

(d) In the event of a default under a Lease, use its best reasonable efforts to terminate such Lease and recover possession of the Equipment and enforce all rights of Owner with respect thereto, including the payment of all amounts owed under such Lease or otherwise with respect to the Equipment as shall be appropriate or necessary in the judgment of Manager exercised in good faith; and institute and prosecute legal proceedings in the name of Owner as is permitted by applicable laws in order to terminate such Lease and/or recover possession of the Equipment; and, when expedient, settle, compromise and/or release such actions or suits or reinstate such Lease.

(e) Use its best reasonable efforts to arrange to have the Equipment maintained in good condition, which shall be equal to or greater than the higher of (i) any standard required or set forth for the Equipment or equipment of a similar class by the Industry to which it is a part, (ii) any standard set by a lessee, whether by terms of a lease or by other understanding or agreement between a lessee and the Manager, as agent for Owner.

(f) Use its best reasonable efforts to pay in Owner's name all personal property taxes and other taxes, charges, assessments or levies imposed upon or against the Equipment of whatever kind of nature and, in the Manager's discretion, defend against any such charges and to seek revision or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner.

(g) Monitor and record movement of the Equipment.

(h) Maintain complete and accurate records of all transactions relating to the Equipment and make such records available for inspection by Owner or any of Owner's representative during reasonable business hours.

(i) Paint the Equipment such colors and with such designs as the Manager may from time to time approve and place reporting marks or other such marks, legends, or placards on the Equipment as shall be appropriate or necessary to comply with any regulation imposed by any regulatory body or other agency.

(j) Provide Owner with advice and recommendations concerning the sale of the Equipment.

(k) Use its best reasonable efforts to collect all sums due Owner, including benefits in the event of damage to, or loss or total destruction of, the Equipment during the term of this Agreement and to remit all sums due Owner as hereinafter provided.

(l) Furnish factual information reasonably requested by Owner in connection with federal, state, Mexican and Canadian tax returns.

(m) Perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary in connection with the leasing and operating of the Equipment.

**3. AUTHORITY, AND LIMITATIONS ON AUTHORITY, OF THE MANAGER.** The Manager shall not have any authority to (i) offer for sale, contract or agree to sell any Equipment except as Owner may from time to time hereafter expressly request or direct; (ii) make any alterations, modifications, improvements or additions to the Equipment of the type referred to in Section 7(b) without the consent (either express or inferred as provided in Section 2(e) of Owner; or (iii) make any loan of the funds of the Owner to itself, any affiliate, or any other person or entity.

**4. EXCLUSIVE SALES AGENCY.** During the term of this Agreement and for a period of four months thereafter, should the Owner decide to sell the Equipment, the Manager shall have the exclusive right to sell such Equipment.

**5. OWNER'S REVENUES, EXPENSES AND NET EARNINGS.**

(a) (i) As used in this Agreement, the term "Gross Revenues" shall mean all income to Owner (unreduced by any expenses or costs) derived from the ownership, use and/or operation of the Equipment including, but not limited to, rentals and mileage

charges collected under leases and mileage allowances, if any, not payable to a lessee and interest.

(ii) As used in this Agreement, the term "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management (specifically excluding any sums payable to the Manager under Section 6), use and/or operation of Equipment, including but not limited to, maintenance; repairs, except to the extent that the cost of such repairs is the responsibility of Owner under Section 7(c) painting; costs of modifications and improvements which are not alterations, modifications, improvements or additions of the type described in Section 7(b); legal and accounting fees incurred pursuant to Section 10; legal fees incurred in connection with enforcing lease rights or repossessing Equipment; charges, assessments, or levies imposed upon or against Equipment of whatever kind of nature; Owner's pro rata share of that portion of ad valorem, gross receipts and other property taxes which are levied against all equipment bearing reporting marks or other identification marks chosen by the Manager and determined by the Manager to be attributable to the equipment in the Program (it being understood that it may not be possible to make an exact allocation of such taxes but the Manager will use its best reasonable efforts to allocate to the equipment in the Program only such portion of the aggregate of such taxes as are attributable to such equipment).

(b) As used in this Agreement, the term "Net Earnings" shall mean the Gross Revenues attributable to the Equipment less the sum of (i) the amount of the Operating Expenses attributable to the Equipment; (ii) all compensation paid or payable to the Manager under Section 6, and (iii) such reserves as the Manager shall, in its sole discretion, have reasonably created to provide for the efficient administration of this Agreement, for payment of accrued expenses not yet due, for the management of the Equipment, or for expenses relating to the Equipment arising or payable after the termination or expiration of this Agreement.

6. **COMPENSATION.** As compensation to the Manager for the performance of services hereunder, Owner shall pay to the Manager a fee of five percent (5%) of gross monthly revenues which shall be payable on the tenth day of each month based on the previous month's revenues, plus all direct marketing expenses. All such fees and expenses shall be the sole responsibility of Owner.

#### 7. **DISTRIBUTION TO OWNER OF NET EARNINGS; PAYMENT OF COSTS AND EXPENSES.**

(a) **Regular Distribution of Net Earnings.** Subject to Section 7(e) below, within 30 days after the end of each calendar month, the Manager shall distribute to Owner the excess of (i) the Net Earnings attributable to the operations of the Equipment

during each quarter and (ii) the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner by the Manager.

(b) **Payment for Special Improvements.** The cost of any alterations, modifications, improvements or additions to the Equipment which is required by regulatory agency or is otherwise required to comply with applicable laws or regulations or any lease or which, in the discretion of the Manager, is otherwise necessary or advisable and is consented to by Owner shall be the sole responsibility of Owner. The Manager shall have the right to require Owner to pay the approximate costs thereof to the Manager, upon ten (10) days prior written notice. Upon completion, the Manager shall notify Owner of the exact amount of such costs, and, in the event that Owner has already paid more than such cost, the Manager shall refund the difference to Owner. If the amount already paid by Owner is less than the exact amount of such costs, Owner shall promptly pay to the Manager the amount of such difference.

(c) **Payment for Certain Property Damage.** The cost of repair of damage to any Equipment (other than the cost of repairs which the Manager determines constitute maintenance of such Equipment) is the sole responsibility of Owner. Any payments, including, without limitation, insurance benefits or lessee indemnity payments, received to cover the damage to such Equipment (but not to cover loss or rental payment) shall be solely for the account and benefit of Owner (and shall not be included within the term "Gross Revenues"). The Manager shall have the right to require Owner to pay to the Manager, upon ten (10) days prior written notice and demand therefore, the approximate costs of the repairs which are the responsibility of Owner. Upon completion of such repairs and determination of the payments received by the Manager and applied to payment of the cost of such damage, the Manager shall notify Owner of the exact amount of such costs and payments, and in the event that Owner has already paid more than the amount of such costs and not paid from such payments received and applied by the Manager to such repair, the Manager shall refund the difference to Owner. If the amount already paid by Owner is less than the amount of such costs paid from such payments received and applied by the Manager to such repairs, the Owner shall promptly pay to the Manager the amount of such difference. The Manager shall promptly remit to Owner any payments to cover such damage to such Equipment which are received by the Manager and not applied to payment of the cost of repair of such damage.

(d) **Receipts and Payments as Acts of Owner; Obligations of Owner.** In collecting or receiving any Gross Revenues and in paying or disbursing any Operating Expenses the Manager is acting solely as agent for Owner. The provisions of Sections 2, 5 and 7 of this Agreement shall not be understood to diminish or modify the rights of Owner to receive Gross Revenues or the obligations of Owner to pay Operating Expenses.

(e) **Right of Offset.** To the extent that Owner is obligated to the Manager in any amount, as a result of sums due under this Agreement or otherwise, the Manager may collect such sums due it by deducting appropriate amounts from Net Earnings.

8. **INDEMNIFICATION.** Owner shall defend (if such defense is tendered to Owner), indemnify and hold Manager harmless from and against, and does hereby release Manager from, any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against Manager arising out of or as a result of the use, operation, possessions, control, maintenance, repair, storage or sale of the Equipment, including, without limitation, claims for injury to or death of persons, loss of or damage to property (including the Equipment) and economic loss due to the unavailability for use of the Equipment; provided, however, that Owner shall not defend, indemnify or hold Manager harmless from and against, and Manager shall not be exculpated from, any claim, action, damage, expense, loss or liability directly or indirectly caused by or arising from gross negligence, bad faith, recklessness or willful misconduct of Manager.

9. **DEALINGS WITH LESSEES**

(a) Unless the lessee of the Equipment shall be willing to pay rental to several lessors (and such lessee may decline, in its sole discretion, to pay rental to more than a single lessor), any purchaser, foreclosing mortgagee, donee or other transferee of any equipment subject to such lease (even though such equipment is not then managed under the Program shall, unless otherwise provided in the appropriate financing documents, until the expiration or termination of such lease acknowledge the Manager as such purchaser's, foreclosing mortgagee's, donee's or other transferee's agent for the purpose of receiving rentals under such lease (which rentals the Manager shall remit, forthwith upon receipt, without deduction or charge); provided, however, that any foreclosing mortgagee or transferee of such foreclosing mortgagee and the Manager may select a person or entity, other than the Manager, as agent of such foreclosing mortgagee or transferee of such foreclosing mortgages for the purpose of receiving rentals under such Lease.

(b) In the event that the Manager determines, in its sole discretion, that any purchaser, foreclosing mortgagee, donee or other transferee of any equipment which is subject to the leases referred to in Section 9(a) and which is not managed under the Program is not capable of performing the duties and obligations of a lessor under such leases in accordance with the terms thereof, then the Manager may require the transfer to the Manager of all the right, title and interest under such leases of such purchaser, foreclosing mortgagee, donee or transferee, without recourse, withdraw the equipment of such person from such leases and, if necessary, substitute thereunder equipment identical or substantially similar to the equipment so withdrawn.



10. **WITHDRAWAL IN CASE OF SPECIAL IMPROVEMENTS.** If any alterations, modifications, improvements or additions of the type referred to in Section 7(b) shall be required and Owner shall not have consented to the making thereof, this Agreement shall be terminated and Owner shall be deemed to have withdrawn from participation in the Program with respect to the Equipment from and after the earlier of (i) the effective date of any law or regulation prohibiting, limiting or otherwise affecting the leasing use, ownership operation, or maintenance of equipment, such as the Equipment, which have not been so altered, modified, improved or added to, or (ii) the effective date specified by the Manager in a written notice to Owner advising Owner of the termination of the Agreement with respect to the Equipment. In the event of such termination and withdrawal, all costs associated with the Equipment including maintenance and storage costs) will be the sole responsibility of Owner and Owner shall receive only Gross Revenues and Net Earnings directly and actually derived from or attributed to the Equipment.

11. **REPORTS.**

(a) Not later than 30 days after the end of each calendar quarter, the Manager on behalf of the Program will distribute to Owner an unaudited report showing, in reasonable detail, the Gross Revenues, Operating Expenses and Net Earnings of such quarter, including the computation and the allocation of any property taxes. Such reports shall also show the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner pursuant to Section 7(a).

(b) Within 30 days after the close of each calendar year, the Manager on behalf of the Program will distribute to Owner a report showing for the fourth calendar quarter and such year (stated separately) the same information reported on the quarterly report distributed pursuant to Section 11(a).

12. **USE OF EQUIPMENT.** The Manager shall use its best reasonable efforts to enforce the obligations of the lessees under the Leases covering the Equipment. The Manager in the leasing of Equipment and in the allocation of Equipment to various leases shall use its best efforts to cause each for the Equipment entered into, or arrangements for the use of the Equipment made, subsequent to the termination of any of the leases to contain provisions regarding the identity of the lessees or sublessees of the Equipment and the locations of use of the Equipment so as to avoid recapture of any allowable investment tax credit claimed with respect to the Equipment. This provision shall not, however, require the Manager to enter into any lease which restricts the location of the use of the Equipment on a fiscal year rather than a calendar year basis.

13. **NOTICES.** Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office of the United States by registered or certified mail, postage prepaid, addressed to the other party as follows:

If to Manager:

INTERCOASTAL LEASING, INC.  
P. O. Box 450889  
Houston, TX 7245-0889

If to Owner:

GRAMA, INC.  
4508 MERRIE LANE  
BELLAIRE, TEXAS 77401

or any any other address which may be given by either party by notice in the manner provided in this Section. Any notice given hereunder shall be deemed delivered when personally delivered or four days after its deposit in the United States mail or when actually received.

#### 14. MISCELLANEOUS.

(a) **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to any provision or rule of law which would require the application of the law of any state other than Texas.

(b) **Power of Attorney.** Owner hereby constitutes and appoints Manager, with full power of substitution, its true and lawful agent and attorney-in-fact, for it and in its name, place and stead, to make, execute, sign acknowledge, swear to, deliver, record and file any and all registration documents, lease agreements, work orders, repair or maintenance agreements, insurance applications or requests, and any and all other documents or instruments, and to do all other acts and things, which may be considered necessary or desirable by Manager to carry out fully the provisions of the Agreement, Owner hereby ratifying and confirming all that said agent and attorney-in-fact shall lawfully do or cause to be done by virtue hereof.

(c) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(d) **Headings.** Titles and headings of the sections and subsections of this Agreement are for the convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.

(e) **Interpretations-Parol Evidence.** This Agreement constitutes the entire agreement among the parties hereto and supersedes and cancels all prior agreements, representations, warranties, or communications, whether oral or written, among the parties hereto relating to the transactions contemplated hereby or the subject matter

herein. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an agreement in writing signed by the party against who or which the enforcement of such change, waiver, discharge or termination is sought. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Agreement. Acceptance or acquiescence in a course of performance rendered under this agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection. Whenever a term defined by the Texas Commercial Code is used in this Agreement, the definition contained in the Code is to control.

(f) **Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that no assignment hereof by Owner or transfer of any of the Owner's rights hereunder whether by operation of law or otherwise shall be valid and effective against the Manager without the prior written consent of the Manager.

(g) **Force Majeure.** Neither party hereto shall be deemed to be in breach or violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control, including, without limitation, acts of God, riots, strikes, fires, storms, public disturbances or any regulations of any federal, state or local government or agency thereof.

(h) **Other Customers of Manager.** It is expressly understood and agreed that nothing herein contained shall be construed to prevent Manager from providing the same or similar services to any person or organization not a party to this Agreement. In particular, Manager shall be entitled to manage identical cars not managed under the Program under a similar management agreement with another owner.

(i) **Waiver.** The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of a like or different nature.

(j) **Severability.** If any term or provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

**MANAGER:** INTERCOASTAL LEASING, INC.

**OWNER:** GRAMA, INC.

By: James O. Sketzel

Title: PRESIDENT

By: Ray M. Kallay